

## **Exhibit 2**



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### Baron & Budd Lays Off 19 Lawyers, 100 Staffers

Brenda Sapino Jeffreys  
Texas Lawyer  
03-06-2007

Plaintiffs firm Baron & Budd has laid off 19 lawyers in Dallas, including six shareholders, and laid off five attorneys from its affiliate LeBlanc & Waddell, a Louisiana-based firm.

Baron & Budd also laid off 100 staffers in its Dallas office and 37 staffers at LeBlanc & Waddell, which is 95 percent owned by Baron & Budd.

After the March 5 layoffs, Dallas-based Baron & Budd will have 49 attorneys and LeBlanc & Waddell will have six.

Russell Budd, managing shareholder of Baron & Budd, says the downsizing is due to a "changed business model," not a downturn in business. He says within the past two to three years the firm had a docket of about 15,000 suits, but now has about 1,000 suits, partly because of recent asbestos-related tort reforms in Texas and elsewhere. He notes the asbestos legislation passed during the 2005 session of the Texas Legislature "closed the courthouse door to a significant number of injured Texans."

"Today we have significantly less volume, but more complex, more serious, injury cases. That requires a different staffing model and a different business model," Budd says.

With the layoffs, Budd says, the firm has positioned itself for the future to handle more serious, complex suits.

Budd says the restructuring has been in the works for the past year or so. The firm's leaders hoped to slim the firm down through attrition, but that strategy did not work.

Budd declines to discuss the firm's profitability, but says the firm is "financially strong."

None of the firm's offices will close as a result of the restructuring, Budd says. Besides its headquarters in Dallas, Baron & Budd has offices in New York, Cleveland and Beverly Hills, Calif., along with the LeBlanc & Waddell office in Baton Rouge, La.

L. Burton LeBlanc, a co-founder of LeBlanc & Waddell, could not be reached for immediate comment on March 5.

A spokesman for Baron & Budd, David Margulies of the Margulies Communications Group in Dallas, provided statistics on the layoffs, but says the firm will not identify the lawyers who were laid off. Budd says the layoffs are effective as of March 5 for most of the lawyers and staff and the firm is providing severance payments and outplacement assistance. He says the amount of severance depends on the employee's tenure at the firm.

"It was the hardest announcement that I have ever made in my professional career, when I talked with the employees this morning," Budd says.

Budd says the layoffs are not related to the firm's ongoing litigation with firm founder and former shareholder Fred Baron and former shareholder Lisa Blue, Baron's wife. In *Baron, et al. v. Baron & Budd P.C., et al.*, Baron and Blue allege Budd, the firm and others conspired to deny them payments under a series of complex agreements that resulted in the sale of their equity interest in the firm to Budd. That suit was filed in August 2006.

The defendants deny the allegations, and filed a counterclaim in November 2006 alleging that Baron and Blue breached December 2002 exclusive services agreements.

Baron could not be immediately reached for comment. Neither could his attorney Eric Gambrell, a partner in Akin Gump Strauss Hauer & Feld in Dallas.

In January, Baron & Budd shareholder Charla G. Aldous sued Budd and the firm in Dallas County Court-at-Law No. 2 alleging breach of contract. Among other claims, Aldous alleges in *Aldous v. Baron & Budd P.C., et al.* that the firm failed to compensate her as it should have. After the suit was filed, an attorney representing Budd and the firm in the suit, Vinson & Elkins partner Robert Walters of Dallas, said his clients are disappointed Aldous would "take this position." [See "[Another Shareholder Sues Baron & Budd Over Compensation](#)."] ]

Aldous is no longer listed on the Baron & Budd Web site. Aldous and her attorney, Steve Malouf of the Law Offices of Stephen Malouf in Dallas, could not immediately be reached for comment.

Dallas Business Journal - March 6, 2007  
<http://dallas.bizjournals.com/dallas/stories/2007/03/05/daily12.html>

## Dallas Business Journal

### Baron & Budd lays off 160 employees

Dallas Business Journal - March 6, 2007 by [Dave Moore](#) Staff Writer

Changes in asbestos laws played a role in the downsizing of Baron & Budd PC, one of the nation's largest plaintiff's law firms, a firm spokesman said Monday.

Dallas-based Baron & Budd said Monday that it laid off 160 workers from the firm and its affiliate, LeBlanc & Waddell LLP, which employed 500 people before the job cuts.

The asbestos litigation firm took a major hit when changes in the law made it more difficult to successfully sue companies for exposure to asbestos.

"There is no question that the powerful interests of big business in Texas and other states made it more difficult for people they have wronged to have their day in court," said managing shareholder Russell Budd in a prepared statement Monday. "But we remain passionate in our mission of safeguarding the rights of people and communities injured by corporate wrongdoing."

David Margulies, a spokesman for the firm, said that the reduction in case load has necessitated the reduction in lawyers and other workers.

Of the 119 workers being eliminated at the Baron & Budd office, 19 are lawyers, Margulies said. Of the 42 workers being eliminated at LeBlanc, five are lawyers, he said.

The firm, founded in 1977, represents victims of mesothelioma and other diseases caused by asbestos; leukemia and lymphoma caused by benzene; and injuries caused by other toxic substances and pharmaceuticals. The firm also represents water authorities seeking clean-up costs for drinking water contamination and securities investors defrauded by corporations.

The newly consolidated firm is financially sound, Budd said in a prepared statement.

The firm will consolidate its 160,000 feet of office space at the Centrum Building in Dallas. About 40,000 square feet of space will be made available for sub-lease following the restructuring.

"We are making these adjustments at a time when the firm is financially strong, and we remain committed to serving our clients now and in the future," Budd said. "This is a strategic response to a new legal environment."

The firm will continue to accept new cases and actively pursue all current litigation.

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## BUSINESS

# Baron & Budd cuts staff

Changes in Texas law have made personal injury cases rarer

12:00 AM CST on Tuesday, March 6, 2007

By KATIE FAIRBANK and TERRY MAXON / The Dallas Morning News

Dallas law firm Baron & Budd PC is best-known for focusing on personal injury cases, particularly asbestos and other environmental damage issues. As Texas has made it more difficult to sue companies in recent years, the firm's business volume has dropped.

On Monday, the law firm told six shareholders, 13 other attorneys and 100 members of the support staff that they were being let go. Affiliate LeBlanc & Waddell LLP in Baton Rouge, La., gave notices to 42 people, including five attorneys.

Most of the workers boxed up their desks to leave Monday, but some will continue to work until their tasks or cases are completed. All were given severance packages based on their time with the company, according to the firm.

The job cuts are a direct result of the changes to the legal landscape in Texas.

After business groups successfully lobbied for wide-ranging restrictions on personal injury, medical malpractice and other tort lawsuits, plaintiff attorneys were left scrambling for the most severe cases or branching into different areas of law.

### New environment

In 2003, the Texas Legislature approved a major rewrite of the state's tort laws that made it more difficult to pursue damage lawsuits. That September, voters approved a constitutional amendment to permit limits on medical malpractice awards.

"This is a strategic response to a new legal environment," said Russell Budd, managing shareholder of the law firm. "There is no question that the powerful interests of big business in Texas and other states made it more difficult for people they have wronged to have their day in court."

The firm, which on its Internet site claims 69 verdicts of \$1 million or more, concentrates on representing people with diseases and injuries caused by asbestos, benzene and other toxic substances.

It also is involved in representing water authorities seeking cleanup costs for drinking water contamination.

As recently as three years ago, the firm had as many as 15,000 asbestos cases a year.

"Today, we have probably 1,000 nationwide, but the 1,000 we have today are much more complex, serious injury cases.

"Consequently, the reduction in volume really mandated a different staffing and business model to carry us into the future," Mr. Budd said.

### Consolidating

When the job cuts are complete, Baron & Budd will have about 300 people on staff, and LeBlanc & Waddell will have 36. The firm plans to consolidate its office space at the Centrum Building on Oak Lawn Avenue and sublease the extra space.

Fred Baron, a founder of the firm and a leader in lawsuits over toxic substances, is well-known in political circles for his support of the Democratic Party and Democratic candidates. Mr. Baron and his wife, Lisa Blue, sold their interest in the firm several years ago, and a spokesman said Mr. Baron is no longer involved with the firm.

Other notable Dallas law firms have also had problems.

Jenkins & Gilchrist PC, a 56-year-old law firm that was once the city's largest, has closed offices outside Dallas and its members are expected to join other law firms soon.

Vial, Hamilton, Koch & Knox LLP, established in 1957, is now in "wind-up," with its members locating to other firms or retiring, according to its Internet site. A number have formed a new firm, Vincent & Moyé PC; several have joined Looper, Reed & McGraw; and others have established their own offices or gone to other law firms.

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